



Senate

General Assembly

File No. 115

January Session, 2009

Substitute Senate Bill No. 212

Senate, March 19, 2009

The Committee on Insurance and Real Estate reported through SEN. CRISCO of the 17th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT LIMITING CANCELLATION FEES FOR AUTOMOBILE INSURANCE POLICYHOLDERS WHO CANCEL THEIR POLICIES MID-TERM.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 38a-343 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2009*):

3 (a) No notice of cancellation of a policy to which section 38a-342
4 applies [may] shall be effective unless sent, by registered or certified
5 mail or by mail evidenced by a certificate of mailing, or delivered by
6 the insurer to the named insured, and any third party designated
7 pursuant to section 38a-323a, at least forty-five days before the
8 effective date of cancellation, except that (1) where cancellation is for
9 nonpayment of the first premium on a new policy, at least fifteen days'
10 notice of cancellation accompanied by the reason for cancellation shall
11 be given, and (2) where cancellation is for nonpayment of any other
12 premium, at least ten days' notice of cancellation accompanied by the
13 reason for cancellation shall be given. No notice of cancellation of a

14 policy [which] that has been in effect for less than sixty days [may]
15 shall be effective unless mailed or delivered by the insurer to the
16 insured and any third party designee at least forty-five days before the
17 effective date of cancellation, provided (A) at least fifteen days' notice
18 shall be given where cancellation is for nonpayment of the first
19 premium on a new policy, and (B) at least ten days' notice shall be
20 given where cancellation is for nonpayment of any other premium or
21 material misrepresentation. The notice of cancellation shall state or be
22 accompanied by a statement specifying the reason for such
23 cancellation. Any notice of cancellation for nonpayment of the first
24 premium on a new policy may be retroactive to the effective date of
25 such policy, provided at least fifteen days' notice has been given to the
26 insured and any third party designee and payment of such premium
27 has not been received during such notice period.

28 (b) Where a private passenger motor vehicle liability insurance
29 company sends a notice of cancellation under subsection (a) of this
30 section to the named insured of a private passenger motor vehicle
31 liability insurance policy, or a third party designee, such company
32 shall provide with such notice a warning, in a form approved by the
33 Commissioner of Motor Vehicles and the Insurance Commissioner,
34 [which] that informs the named insured that (1) the cancellation will be
35 reported to the Commissioner of Motor Vehicles; (2) the named
36 insured may be receiving one or more mail inquiries from the
37 Commissioner of Motor Vehicles, concerning whether or not required
38 insurance coverage is being maintained, and that the named insured
39 must respond to these inquiries; (3) if the required insurance coverage
40 lapses at any time, the Commissioner of Motor Vehicles may suspend
41 the registration or registrations for the vehicle or vehicles under the
42 policy and the number plates will be subject to confiscation and any
43 person operating any such vehicle will be subject to legal penalties for
44 operating a motor vehicle with a suspended registration; (4) the named
45 insured will not be able to have the registration restored or obtain a
46 new registration, or any other registration or renewal in the insured's
47 name, except upon presentation to the Commissioner of Motor
48 Vehicles of evidence of required security or coverage and the entering

49 into of a consent agreement with the commissioner in accordance with
50 the provisions of section 14-12g.

51 (c) [This] Subsections (a) and (b) of this section shall not apply to
52 nonrenewal or if the private passenger motor vehicle liability
53 insurance policy is transferred from an insurer to an affiliate of such
54 insurer for another policy with no interruption of coverage and
55 contains the same terms, conditions and provisions, including policy
56 limits, as the transferred policy, except that the insurer to which the
57 policy is transferred shall not be prohibited from applying its rates and
58 rating plans at the time of renewal.

59 (d) No insurance company that renews, amends or endorses in this
60 state a private passenger motor vehicle liability insurance policy shall
61 charge any fee or other charge exceeding one hundred dollars in the
62 aggregate to an insured who cancels such policy prior to the expiration
63 of such policy.

This act shall take effect as follows and shall amend the following sections:

Section 1	October 1, 2009	38a-343
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Joint Favorable Subst.

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note***State Impact:*** None***Municipal Impact:*** None***Explanation***

This bill does not result in a fiscal impact. It prohibits an insurer that renews, amends, or endorses a private passenger vehicle liability insurance policy from charging the insured more than \$100 for canceling the policy before the policy term ends.

The Out Years***State Impact:*** None***Municipal Impact:*** None

OLR Bill Analysis**sSB 212*****AN ACT LIMITING CANCELLATION FEES FOR AUTOMOBILE
INSURANCE POLICYHOLDERS WHO CANCEL THEIR POLICIES
MID-TERM.*****SUMMARY:**

This bill prohibits an insurer that renews, amends, or endorses a private passenger automobile insurance policy in Connecticut from charging the insured more than \$100 for canceling the policy before the policy term ends. It also makes technical changes.

EFFECTIVE DATE: October 1, 2009

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 19 Nay 0 (03/03/2009)